

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY POWER)	
COMPANY FOR AUTHORITY TO ISSUE)	
AND SELL FIRST MORTGAGE BONDS OF)	CASE NO. 92-289
ONE OR MORE NEW SERIES)	

O R D E R

On July 28, 1992, Kentucky Power Company ("Kentucky Power") filed an application seeking authority to issue and sell long-term debt in the form of First Mortgage Bonds ("New Bonds") or, in the alternative, First Mortgage Bonds designated secured medium term notes ("MTNs") in one or more transactions from time to time through June 30, 1993, the aggregate principal amount of which together shall not exceed \$50,000,000. The interest rate applicable to the First Mortgage Bonds of each such series would not exceed by more than 3 percent the yield to maturity on United States Treasury Bonds of comparable maturity at the date of pricing. Each series of New Bonds would have a maturity of not less than 5 years and not more than 30 years. The maturity dates of the MTNs would range from 9 months to 30 years.

The proceeds from the sale of these securities would be used to pay at maturity long-term debt, including a \$35,000,000 term loan that matures December 1, 1992; to repay short-term debt, including approximately \$4,350,000 outstanding as of June 30, 1992

and short-term debt incurred in refunding such long-term debt at or prior to maturity; with the remaining to be used for construction and other corporate purposes as set out in response to the Commission's Order of August 13, 1992.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the issuance and sale by Kentucky Power of up to \$50,000,000 in New Bonds and/or MTNs are for lawful objects within its corporate purposes, are necessary and appropriate for and consistent with the proper performance of its service to the public, and are reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Kentucky Power by and it hereby is authorized to issue and sell up to \$50,000,000 of its First Mortgage Bonds either in the form of New Bonds or MTNs in one or more transactions through June 30, 1993. The securities will be sold in a public offering through one or more agents or on a negotiated or competitive bid basis with one or more underwriters, investment bankers or agents, or private placement transaction utilizing the proper documentation.

2. Kentucky Power shall agree only to such terms and prices that are consistent with said parameters as set out in its application.

3. Kentucky Power shall, within 30 days after the issuance of the securities referred to herein, file with the Commission a statement setting forth the date or dates of issuance of the

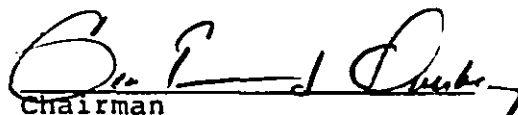
securities authorized herein, the price paid, the interest rate, the purchasers, and all fees and expenses, including underwriting discounts or commission or other compensation, involved in the issuance and distribution.

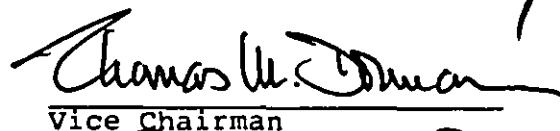
4. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.

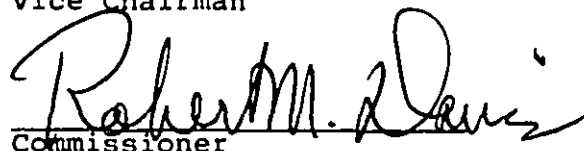
Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 28th day of September, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director